

FISCAL YEAR

1999

ANNUAL REPORT

*iowa department of*  
REVENUE AND FINANCE

November 30, 1999

The Honorable Thomas J. Vilsack  
Governor, State of Iowa  
State Capitol  
Des Moines, Iowa

Governor Vilsack:

I am once again pleased to submit the Annual Report of the Iowa Department of Revenue and Finance to you, the General Assembly and the taxpayers of Iowa. This report details the Department's activities and accomplishments while administering Iowa's tax laws and Iowa's financial management operations during the fiscal year ended June 30, 1999. Although this summary includes a brief discussion of the Iowa Lottery and its fundamental aims, a separate report prepared by the Lottery Division provides comprehensive information on that organization's fiscal activities.

The Department of Revenue and Finance continues to work toward the realization of many varied goals. The most important of these goals are to encourage voluntary compliance through continued taxpayer education and assistance; to enhance revenue collections from all sources; to promote and improve the financial management of state government; to increase the productivity of all operational phases; and to facilitate the professional growth of a dedicated staff.

As the Director of the Department, I remain committed to the equitable administration of Iowa's tax laws and the efficient collection of state tax revenues.

Sincerely,

A handwritten signature in black ink, appearing to be 'G. D. Bair', written in a cursive style.

G. D. Bair, Director  
Iowa Department of Revenue and Finance

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# CORE FUNCTIONS

## *Iowa Department of Revenue and Finance*

### **Financial Management**

- Registering taxpayer
- Receiving and processing taxpayer returns and remittances
- Collecting outstanding revenues and other state debt
- Maintaining statewide accounting system and paying claims against state

### **Compliance**

- Offering assistance and developing policy clarification to enable taxpayers to file correctly
- Auditing and examining taxpayers transactions and filing status to ensure compliance with tax laws

### **Internal Resource Management**

- Providing information technology systems/enhancements and statistical analysis and support
- Providing human resource/budget/support of internal operations

### **Local Government**

- Administering property tax laws and working with local officials in carrying out their duties
- Collecting and distributing local option taxes in addition to other state payments to local government

# DEPARTMENT GOALS

*The Iowa Department of Revenue and Finance strives to...*

## **collect all taxes due, but no more...**

- ▲ The Department determines, assesses and collects revenue from 13 different state sources and three sources of local revenue taxes.
- ▲ Nearly 4 million documents are processed in a typical year.
- ▲ During “tax season” (January through April), the Department employs more than 100 temporary workers to assist in processing 1.3 million individual income tax returns.
- ▲ A total of 495 full time employees staff the central office, 11 in-state field offices and locations in eight other states.
- ▲ More than 15,000 sales and use tax permits are issued every year, and approximately 10,000 withholding tax agents are registered. In total, the Department issues in excess of 30,000 permits annually.

## **conduct the Iowa Lottery to maximize revenue...**

- ▲ The Iowa Lottery Board and commissioner conduct games to raise funds for state purposes.
- ▲ Lottery sales totaled \$184.1 million in Fiscal Year 1999, with more than \$51.7 million raised for worthwhile state programs.

## **manage the state’s financial resources...**

- ▲ The Department annually receives, disburses and monitors billions of dollars for the State of Iowa.

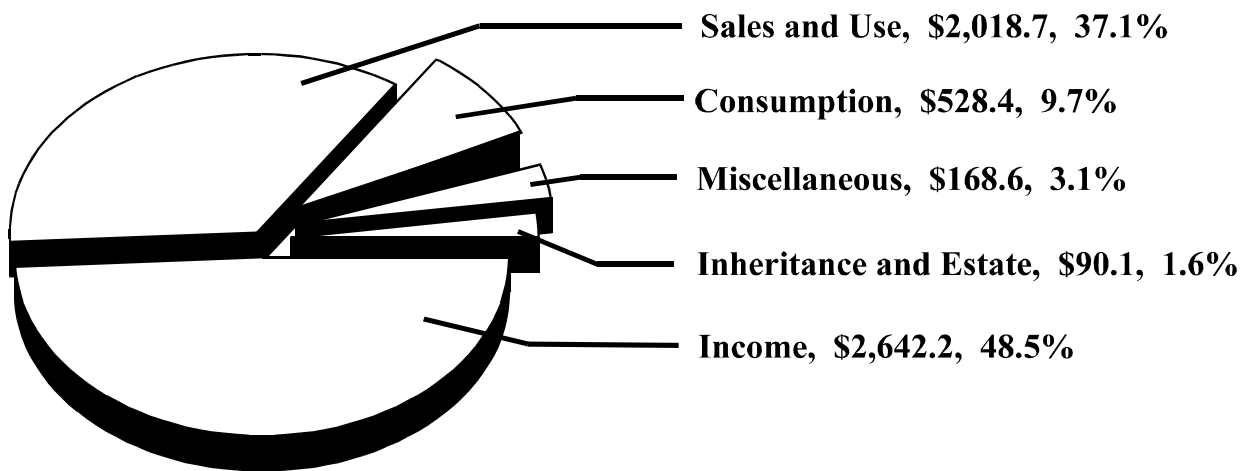
## **educate the taxpaying public about Iowa taxes...**

- ▲ Last year the Taxpayer Service Section responded to almost 700,000 telephone, mail, e-mail, internet or in-person contacts.
- ▲ Taxpayer service specialists throughout the state gave nearly 500 presentations to more than 10,000 people. In addition, they contacted more than 2,500 new businesses and local government offices.

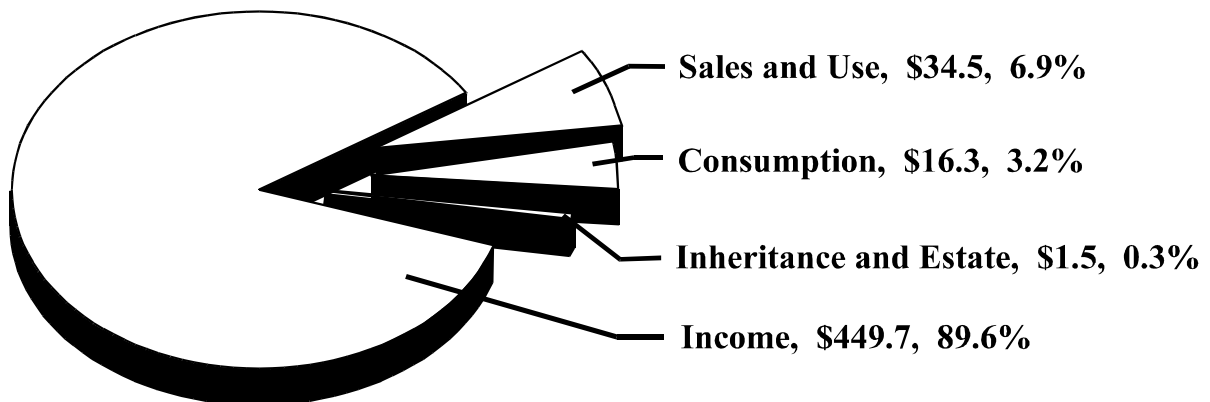
# GROSS TAX COLLECTIONS AND REFUNDS

*Fiscal Year 1999*

## Gross Tax Collections *In Millions TOTAL: \$5,448.0*



## Tax Refunds *In Millions TOTAL: \$502.0*



# GROSS COLLECTIONS, REFUNDS AND NET COLLECTIONS

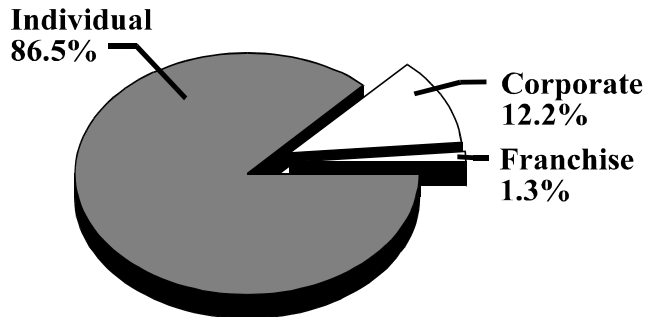
*Fiscal Year 1999*

TAXES	GROSS COLLECTIONS	REFUNDS	NET COLLECTIONS
<b>INCOME TAXES</b>			
Individual Income Tax	\$2,286,318,957.45	\$382,071,715.38	\$1,904,247,242.07
Corporation Income Tax	322,126,772.55	61,910,404.74	260,216,367.81
Franchise Tax	33,755,649.04	5,761,342.66	27,994,306.38
<b>Total Income Taxes</b>	<b>\$2,642,201,379.04</b>	<b>\$449,743,462.78</b>	<b>\$2,192,457,916.26</b>
<b>SALES AND USE TAXES</b>			
Sales Tax <sup>1</sup>	\$1,544,685,945.15	\$30,062,276.39	\$1,514,623,668.76
Use Tax	242,555,316.02	4,396,656.33	238,158,659.69
Motor Vehicle Use Tax	231,406,910.39	0.00	231,406,910.39
<b>Total Sales and Use Taxes</b>	<b>\$2,018,648,171.56</b>	<b>\$34,458,932.72</b>	<b>\$1,984,189,238.84</b>
<b>CONSUMPTION TAXES</b>			
Motor Vehicle Fuel Tax	\$428,035,593.35	\$15,696,381.00	\$412,339,212.35
Aviation Fuel Tax	1,488,972.00	0.00	1,488,972.00
<i>Subtotal – Motor Fuel Taxes</i>	<i>429,524,565.35</i>	<i>15,696,381.00</i>	<i>413,828,184.35</i>
Cigarette Tax	\$92,323,542.16	\$587,754.90	\$91,735,787.26
Tobacco Tax	6,530,308.66	7,109.96	6,523,198.70
<i>Subtotal – Cigarette and Tobacco Taxes</i>	<i>98,853,850.82</i>	<i>594,864.86</i>	<i>98,258,985.96</i>
<b>Total Consumption Taxes</b>	<b>\$528,378,416.17</b>	<b>\$16,291,245.86</b>	<b>\$512,087,170.31</b>
<b>Total Inheritance and Estate Taxes</b>	<b>\$90,142,858.08</b>	<b>\$1,474,193.85</b>	<b>\$88,668,664.23</b>
<b>MISCELLANEOUS TAXES</b>			
Environmental Protection Charge	\$19,749,797.06	\$0.00	\$19,749,797.06
Motor Vehicle Use 25% EPC Deposit	17,000,000.00	0.00	17,000,000.00
Real Estate Transfer Tax	10,585,141.46	0.00	10,585,141.46
Hazardous Materials Permit Fees	220,875.00	0.00	220,875.00
Insurance Premium Tax	114,344,548.88	0.00	114,344,548.88
Reimbursements	328,846.06	0.00	328,846.06
Motor Vehicle Title Surcharge	5,521,434.00	0.00	5,521,434.00
Miscellaneous	886,083.90	0.00	886,083.90
<b>Total Miscellaneous Taxes</b>	<b>\$168,636,726.36</b>	<b>\$0.00</b>	<b>\$168,636,726.36</b>
<b>GRAND TOTAL</b>	<b>\$5,448,007,551.21</b>	<b>\$501,967,835.21</b>	<b>\$4,946,039,716.00</b>

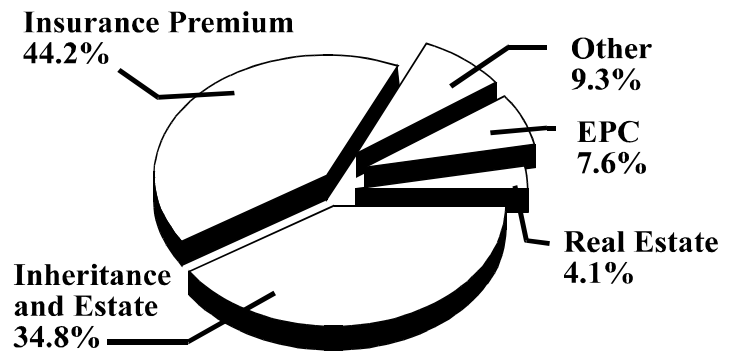
<sup>1</sup> Sales tax gross collections include approximately \$157 million in local option sales tax and hotel/motel tax collected.

# FY 99 REVENUE SOURCES

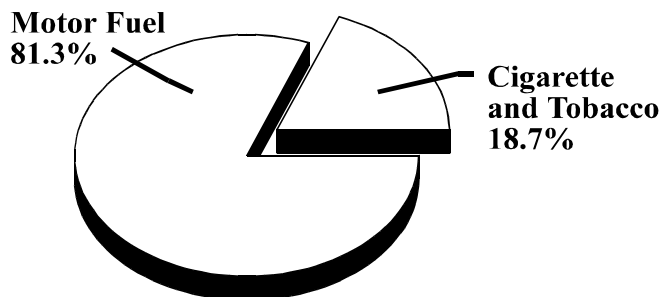
## Gross Tax Collections



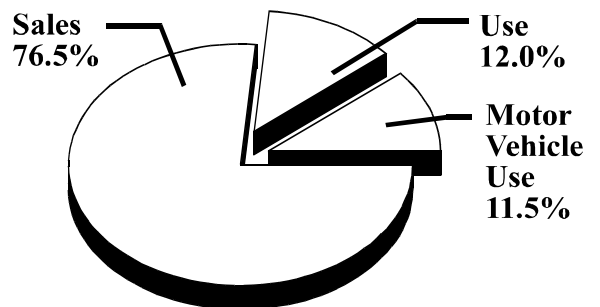
**Income Taxes**  
**\$2,642,201,379.04**



**Other**  
**\$258,779,584.44**



**Consumption**  
**\$528,378,416.17**



**Sales/Use Taxes**  
**\$2,018,648,171.56**



# GROSS TAX COLLECTIONS

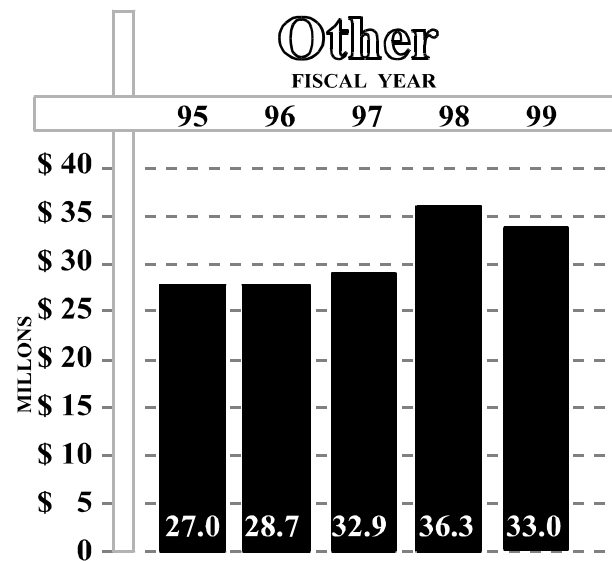
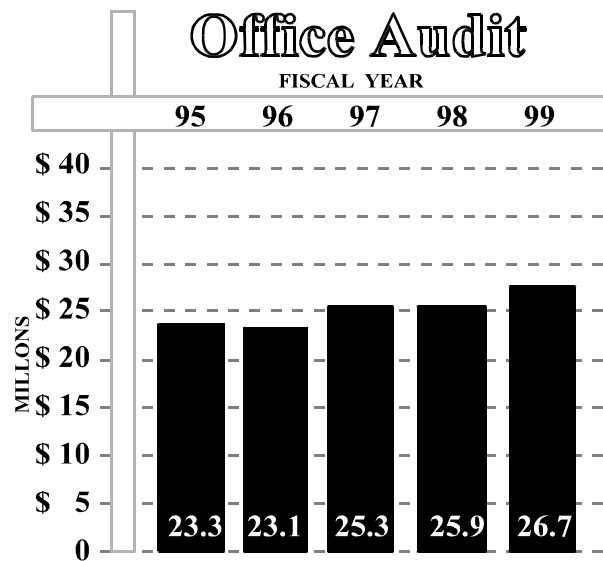
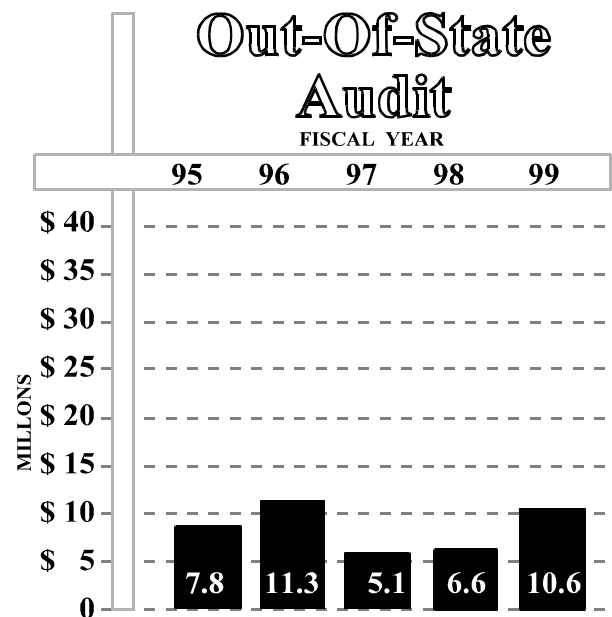
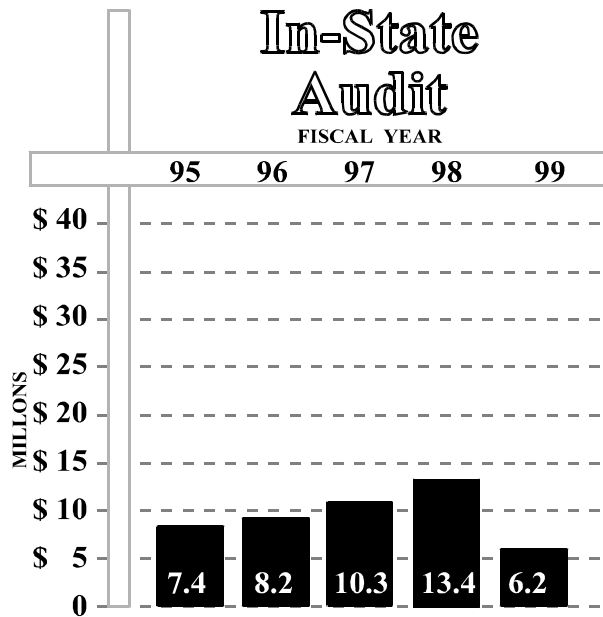
*For Fiscal Years Ending June 30*

TAXES	1989	1995	1996	1997	1998	1999
Individual Income	\$1,360,646,994.40	\$1,893,153,347.10	\$2,024,030,947.22	\$2,153,261,764.25	\$2,337,939,228.15	\$2,286,318,957.45
Corporation Income	236,024,532.77	268,697,799.39	277,637,454.76	318,766,112.58	290,961,910.93	322,126,772.55
Franchise	22,662,703.84	28,905,465.76	26,476,123.26	35,642,954.14	36,406,413.20	33,755,649.04
Sales	724,386,802.55	1,238,785,331.03	1,318,128,538.62	1,370,975,491.20	1,441,241,593.45	1,544,685,945.15
Use (includes Motor Vehicle Use and Lease taxes)	220,511,123.48	374,064,454.54	398,391,325.91	422,637,334.42	454,479,529.89	473,962,226.41
MV Fuel (includes Aviation Fuel)	321,366,865.88	370,404,211.78	407,038,148.15	422,102,503.92	411,089,502.00	429,524,565.35
Cigarette	89,669,728.56	93,273,613.81	94,133,883.04	94,565,821.68	94,626,420.80	92,323,542.16
Tobacco Products	2,507,264.72	5,050,572.87	5,309,615.83	5,710,584.68	6,094,281.80	6,530,308.66
Inheritance & Estate	66,510,169.14	89,224,090.55	95,885,772.87	109,347,222.31	109,817,189.15	90,142,858.08
EPC	0.00	17,341,639.17	17,651,746.34	18,595,102.55	18,652,217.99	19,749,797.06
MV 25% EPC Dep. <sup>1</sup>	0.00	15,300,000.00	17,000,000.00	17,000,000.00	17,000,000.00	17,000,000.00
Real Estate Transfer	3,281,240.03	7,149,876.56	7,811,390.72	8,338,561.31	9,904,731.66	10,585,141.46
Hazardous Material	313,540.00	184,100.00	289,931.00	435,405.00	235,150.00	220,875.00
Insurance Premium	84,877,781.43	102,057,650.54	104,274,001.36	105,957,053.86	108,868,140.60	114,344,548.88
Equipment Car	0.00	0.00	0.00	0.00	0.00	0.00
Gambling License	0.00	0.00	0.00	0.00	0.00	0.00
Reimbursements	193,516.35	200,481.74	901,630.34	991,993.66	494,006.72	328,846.06
Railroad Fuel	2,004.93	0.00	0.00	0.00	0.00	0.00
MV Title Surcharge	0.00	5,186,825.00	5,420,830.83	5,373,554.46	4,925,281.00	5,521,434.00
Miscellaneous	9,800.20	728,667.47	947,294.64	1,123,392.82	1,181,468.62	886,083.90
GRAND TOTAL	\$3,132,964,068.28	\$4,509,708,127.31	\$4,801,328,634.89	\$5,090,824,852.84	\$5,343,917,065.96	\$5,448,007,551.21

<sup>1</sup> Beginning on July 1, 1995, the maximum amount of motor vehicle use tax collections available for transfer to the EPC fund was increased from \$15 million to \$17 million.

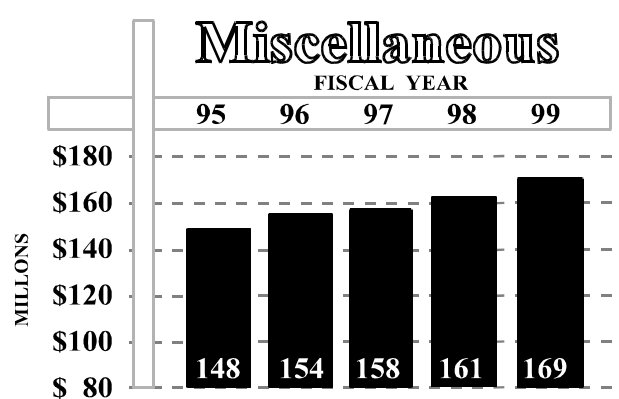
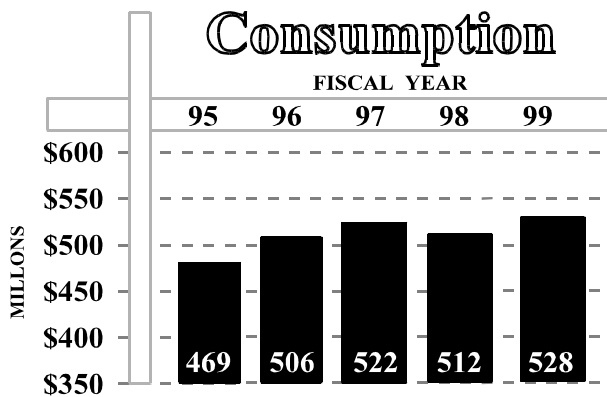
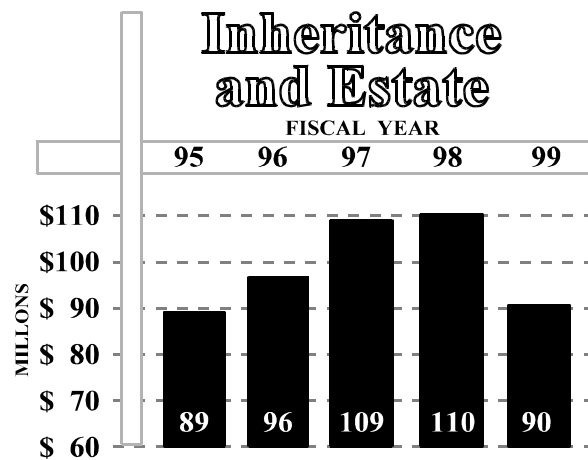
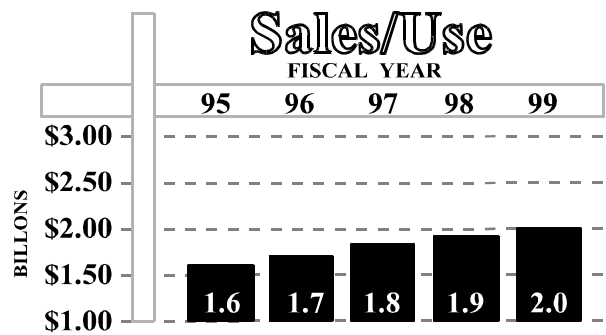
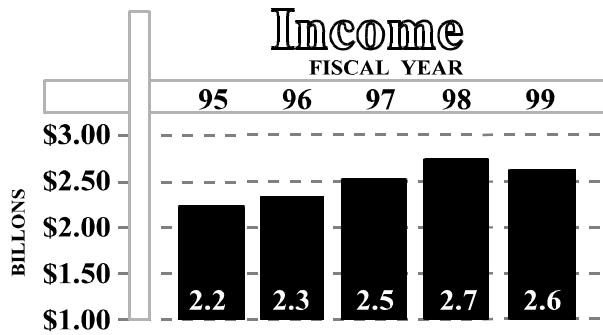
# NON-COMPLIANCE COLLECTIONS

## *Five Year Comparison*



# FIVE-YEAR TREND

*FY 95-99 Gross Collections*



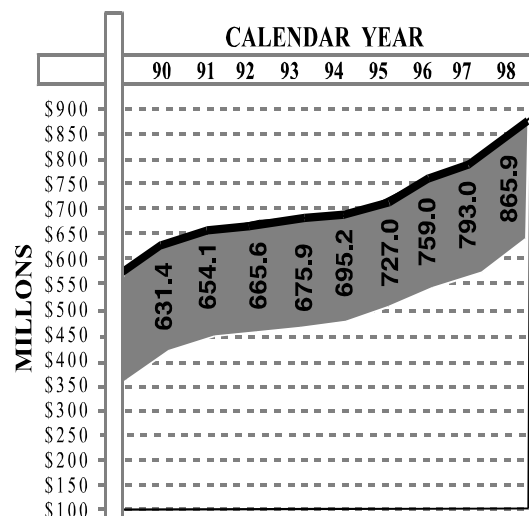
# PAYROLL FACTS AND FIGURES

## *Calendar Year 1998*

The following information excludes Board of Regents institutions and the Department of Transportation, State Fair Board and Community-Based Corrections.

Net payroll checks issued in 1998	\$428.8 Million
Average number of employees paid per pay period through centralized payroll	19,480
Average percentage of employees utilizing direct deposit for deposit of paycheck	80.0 %
Total payroll costs for centralized payroll in 1998 (includes all state shares)	\$865.9 Million

### TOTAL PAYROLL COST



Total payroll costs include the following state contributions:

State share FICA	\$50.49 Million
State share IPERS	39.55 Million
State share Police Retirement	4.84 Million
State share TIAA-CREF Retirement	.08 Million
State share Health Insurance	53.49 Million
State share Dental Insurance	2.91 Million
State share Life Insurance	0.38 Million
State share Disability Insurance	2.35 Million

Accounting for these state share disbursements, as well as mandatory and discretionary employee deductions totaling \$283.0 million, is the responsibility of the Centralized Payroll Section.

\*Note: There were 27 pay periods and pay dates in CY 1998.

# HOTEL/MOTEL TAX DISTRIBUTIONS\*

*Fiscal Year 1999*

Adair	\$	28,284.56	Johnston	\$	163,957.46
Altoona		345,042.77	Keokuk		131,105.30
Ames		661,336.57	LeClaire		26,334.53
Ankeny		356,017.15	Lee County		144.12
Arnolds Park		73,712.34	Marion		112,802.35
Bellevue		7,217.59	Marshalltown		180,492.37
Bettendorf		875,657.87	Mason City		219,855.36
Bondurant		0.00	McGregor		8,061.58
Boone		89,908.32	Missouri Valley		82,780.76
Burlington		323,925.16	Mt. Pleasant		97,124.23
Carter Lake		50,698.47	Muscatine		298,821.55
Cedar Falls		300,663.44	Newton		226,215.61
Cedar Rapids		2,087,293.52	Okoboji		156,852.78
Clear Lake		208,829.34	Osceola		92,406.57
Clinton		181,898.12	Oskaloosa		35,997.98
Clive		975,425.47	Ottumwa		175,372.22
Coralville		1,019,448.36	Pella		141,823.56
Council Bluffs		1,424,325.44	Polk County		284,719.27
Davenport		1,576,210.60	Sergeant Bluff		20,696.19
Decorah		137,453.33	Sioux Center		5,609.41
Des Moines		2,886,884.28	Sioux City		851,579.95
De Witt		13,520.43	Spirit Lake		78,969.71
Dickinson County		37,736.26	Story City		39,561.06
Dubuque		983,394.83	Toledo		40,732.83
Dyersville		35,977.08	Urbandale		733,572.39
Elkhorn		8,238.07	Wahpeton		24,899.46
Evansdale		28,667.30	Waterloo		658,704.53
Fort Dodge		242,669.84	West Des Moines		1,304,722.77
Fort Madison		84,648.51	Williamsburg		84,858.83
Grinnell		54,191.86	Windsor Heights		21,370.91
Guttenberg		5,749.14			
Indianola		47,699.72	<b>TOTAL</b>		<b>\$22,262,375.93</b>
Iowa City		569,876.98			
Iowa County		239,627.57			

*\* Listed jurisdictions are cities unless otherwise noted*

# LOCAL OPTION SALES TAX DISTRIBUTION

## Calendar Year 1998

Waukon \$243,890.92  
Lansing 62,288.85  
Postville 97,618.67  
New Albin 32,156.44  
Harpers Ferry 16,931.07  
Waterville 7,630.27  
Unincorporated 497,027.90  
**Total Allamakee \$957,544.13**

Mystic \$141.41  
Plano 15.52  
**Total Appanoose \$156.93**

Brayton \$8,225.30  
Gray 4,749.73  
**Total Audubon \$12,975.04**

Waterloo \$6,681,702.86  
Cedar Falls 3,087,830.46  
Evansdale 385,113.15  
Elk Run Heights 91,643.79  
Hudson 180,132.14  
La Porte City 187,978.81  
Dunkerton 65,267.57  
Janesville 10,334.46  
Gilbertville 64,919.35  
Raymond 51,566.02  
Unincorporated 2,019,433.10  
**TotalBlackHawk \$12,825,921.72**

Boone \$729,474.13  
Madrid 128,468.17  
Ogden 100,205.07  
Beaver 2,567.43  
Berkley 1,904.57  
Boxholm 11,575.01  
Fraser 5,978.33  
Luther 8,097.61  
Pilot Mound 9,979.82  
Sheldahl 1,043.44  
Unincorporated 593,432.26  
**Total Boone \$1,592,725.83**

Sumner \$182,153.72  
Tripoli 102,580.25  
Frederika 14,365.95  
**Total Bremer \$299,099.93**

Jesup \$105,322.50  
Fairbank 39,042.83  
Hazleton 31,843.73  
Lamont 31,755.63  
Winthrop 34,703.09  
Aurora 13,569.36  
Stanley 8,012.77  
**TotalBuchanan \$264,249.90**

Storm Lake \$651,876.96  
Alta 123,064.94  
Albert City 59,153.66  
Marathon 23,165.40

Newell 73,621.37  
Sioux Rapids 55,218.10  
Lakeside 36,080.39  
Rembrandt 14,402.56  
Truesdale 8,582.05  
Linn Grove 12,753.10  
Unincorporated 559,947.29  
**TotalBuenaVista \$1,617,865.82**

Greene \$72,002.66  
Parkersburg 109,071.35  
Allison 62,824.55  
Aplington 54,534.95  
Dumont 40,803.64  
New Hartford 43,041.80  
Aredale 5,589.70  
Bristow 9,806.30  
**Total Butler \$397,674.95**

Atlantic \$544,418.93  
Anita 71,168.66  
Griswold 72,869.22  
Lewis 28,168.75  
Cumberland 20,051.30  
Marne 9,764.31  
Massena 25,577.47  
Wiota 10,686.34  
Unincorporated 443,921.76  
**Total Cass \$1,226,626.73**

Mason City \$3,146,318.43  
Clear Lake 873,837.57  
Ventura 60,395.43  
Rockwell 104,148.13  
Dougherty 10,565.04  
Meservey 29,019.26  
Plymouth 43,656.31  
Rock Falls 14,695.56  
Swaledale 19,526.02  
Thornton 44,612.94  
Unincorporated 1,221,429.81  
**TotalCerroGordo \$5,568,204.49**

Marcus \$78,997.39  
Aurelia 64,915.99  
Cleghorn 17,073.06  
Larrabee 9,661.79  
Meriden 11,091.15  
Quimby 20,408.23  
Washta 15,539.36  
**Total Cherokee \$217,686.98**

New Hampton \$234,117.53  
Nashua 87,751.80  
Fredericksburg 55,087.55  
Lawler 29,324.41  
Alta Vista 14,256.14  
Bassett 3,968.88  
Ionia 16,705.96  
North Washington 5,954.95  
Unincorporated 457,123.43  
**TotalChickasaw \$904,290.65**

Spencer \$462,894.19  
Everly 28,908.27  
Peterson 15,076.07  
Dickens 8,108.52  
Fostoria 7,692.67  
Greenville 3,065.79  
Rossie 2,397.23  
Royal 18,092.11  
Webb 6,311.47  
Gillett Grove 2,434.28  
Unincorporated 246,289.27  
**Total Clay \$801,269.88**

Elkader \$77,205.50  
Guttenberg 115,810.46  
Monona 75,679.40  
Strawberry Point 66,740.90  
Edgewood 13,769.77  
Garnaville 38,058.05  
Marquette 23,651.44  
McGregor 39,908.39  
Elkport 3,686.28  
Farmersburg 13,867.28  
Garber 5,204.88  
Littleport 3,939.26  
Luana 9,183.83  
North Buena Vista 6,446.46  
Saint Olaf 6,314.82  
Volga 14,231.49  
Millville 1,382.12  
Unincorporated 558,198.95  
**Total Clayton \$1,073,279.31**

Clinton \$2,329,310.57  
Dewitt 362,712.35  
Camanche 338,742.47  
Delmar 38,418.58  
Grand Mound 42,951.71  
Lost Nation 33,320.65  
Wheatland 50,342.09  
Andover 6,760.20  
Calamus 27,438.32  
Charlotte 24,719.49  
Goose Lake 15,097.13  
Low Moor 19,274.81  
Toronto 8,868.37  
Welton 12,540.60  
Unincorporated 1,048,880.92  
**Total Clinton \$4,359,378.28**

Dension \$168,076.13  
Charter Oak 12,943.26  
Dow City 10,586.98  
Manilla 21,594.75  
Schleswig 21,432.21  
Vail 9,349.74  
Arion 3,350.07  
Aspinwall 1,317.10  
Buck Grove 1,285.62  
Deloit 6,865.91  
Kiron 7,239.86

Ricketts 2,900.70  
Westside 8,768.78  
Unincorporated 207,986.92  
**Total Crawford \$483,698.02**

Perry \$236,604.89  
Redfield 25,472.27  
Bouton 4,101.83  
Minburn 10,990.39  
**Total Dallas \$277,169.38**

Lamoni \$95,711.90  
Davis City 8,965.75  
Decatur City 5,960.03  
Garden Grove 7,808.99  
Grand River 5,764.21  
Leroy 1,088.57  
Pleasanton 1,746.83  
Van Wert 8,251.69  
**Total Decatur \$135,297.98**

Manchester \$293,813.89  
Earlville 44,786.01  
Edgewood 32,995.11  
Hopkinton 39,400.29  
Colesburg 25,754.62  
Delaware 9,291.75  
Delhi 27,059.51  
Dundee 8,932.30  
Dyersville 1,774.91  
Greeley 15,167.54  
Masonville 7,147.59  
Ryan 21,537.52  
Unincorporated 630,862.19  
**TotalDelaware \$1,158,523.23**

Burlington \$3,053,189.59  
Mediapolis 164,980.02  
West Burlington 365,898.38  
Middletown 36,238.74  
Danville 95,947.67  
Unincorporated 1,329,614.66  
**Total Des Moines \$5,045,869.08**

Milford \$267,226.54  
Spirit Lake 513,199.58  
Arnolds Park 136,914.80  
Lake Park 124,319.55  
Okoboji 112,572.39  
Orleans 68,898.02  
Superior 18,242.39  
Terrill 46,131.96  
Wahpeton 62,305.74  
West Okoboji 31,867.10  
Unincorporated 756,574.47  
**Total Dickinson \$2,138,252.54**

Dubuque \$5,937,138.27  
Cascade 133,131.59  
Dyersville 345,948.16  
Epworth 129,340.30

*continued on page 12*

# LOCAL OPTION SALES TAX DISTRIBUTION

## Calendar Year 1998

Farley	125,541.62	Hamburg	\$58,801.88	Mt. Pleasant	\$487,711.39	Anamosa	\$177,334.42
Asbury	180,009.68	Sidney	56,525.98	New London	113,671.53	Monticello	289,326.83
Balltown	6,162.12	Tabor	40,151.40	Wayland	52,206.21	Cascade	21,270.44
Bankston	2,843.03	Farragut	22,488.38	Winfield	61,727.80	Olin	49,304.71
Bernard	10,901.02	Imogene	3,799.95	Coppock	1,844.68	Oxford Junction	41,536.65
Centralia	9,991.20	Randolph	10,474.36	Hillsboro	9,616.77	Wyoming	48,114.03
Graf	7,897.50	Riverton	14,327.26	Mount Union	8,177.07	Center Junction	11,170.97
Holy Cross	26,544.26	Thurman	10,218.39	Olds	12,070.38	Morley	5,558.33
Luxemburg	23,592.40	Unincorporated	225,511.99	Rome	6,750.12	Onslow	14,474.23
New Vienna	34,985.27	<b>Total Fremont</b>	<b>\$442,299.59</b>	Salem	24,739.48	<b>Total Jones</b>	<b>\$658,090.61</b>
Peosta	11,593.83	Fremont County – City of		Westwood	6,368.67		
Sageville	23,394.04	Shenandoah	\$121,916.84	Unincorporated	559,957.01	Algona	\$1,949.38
Sherrill	12,141.43	<b>Total Shenandoah</b>	<b>\$121,916.84</b>	<b>Total Henry</b>	<b>\$1,344,841.11</b>	Bancroft	267.54
Worthington	40,897.02					Burt	173.81
Zwingle	7,177.80					LuVerne	87.45
Rickardsville	16,066.17	Grundy Center	\$79,656.69	Cresco	\$208,012.15	Swea City	203.74
Unincorporated	2,289,214.77	Dike	27,138.54	Elma	33,745.97	Titonka	188.41
<b>Total Dubuque</b>	<b>\$9,374,511.51</b>	Wellsburg	19,239.17	Lime Springs	23,737.91	Wesley	142.34
		Beam	5,910.10	Riceville	15,797.02	West Bend	1.71
Armstrong	\$88,257.67	Holland	5,915.73	Chester	8,625.74	Whittemore	165.73
Ringsted	41,238.45	<b>Total Grundy</b>	<b>\$137,860.23</b>	Protivin	15,859.45	Fenton	106.69
<b>Total Emmet</b>	<b>\$129,496.12</b>			Unincorporated	312,796.53	Lakota	83.97
				<b>Total Howard</b>	<b>\$618,574.77</b>	Ledyard	50.93
Oelwein	\$412,375.35	Britt	\$105,266.28			Lone Rock	56.69
Fayette	72,945.36	Garner	145,754.67	Galva	\$46,484.04	Unincorporated	674.66
West Union	147,619.46	Kanawha	38,279.76	<b>Total Ida</b>	<b>\$46,484.04</b>	<b>Total Kossuth</b>	<b>\$4,153.05</b>
Arlington	26,385.97	Klemme	29,457.71				
Clermont	28,631.52	Corwith	16,707.71	Marengo	\$238,881.39	Fort Madison	\$923,185.55
Elgin	34,733.94	Crystal Lake	12,164.82	North English	94,957.97	Keokuk	1,003,002.63
Hawkeye	25,149.84	Goodell	9,056.98	Williamsburg	256,138.46	Donnellson	66,303.37
Maynard	28,761.86	Woden	11,955.63	Victor	92,522.88	Montrose	65,828.19
Randalia	4,468.73	Unincorporated	317,238.07	Ladora	31,120.23	West Point	74,475.88
St. Lucas	9,242.23	<b>Total Hancock</b>	<b>\$685,881.65</b>	Millersburg	18,510.80	Franklin	9,934.60
Wadena	12,293.08			Parnell	20,779.07	St. Paul	8,633.23
Waucoma	14,899.62	Iowa Falls	\$409,942.23	Unincorporated	1,086,584.97	Houghton	10,539.51
Westgate	11,215.02	Ackley	113,039.44	<b>Total Iowa</b>	<b>\$1,839,495.77</b>	Unincorporated	1,109,663.34
Unincorporated	576,443.42	Eldora	220,151.90			<b>Total Lee</b>	<b>\$3,271,566.31</b>
<b>Total Fayette</b>	<b>\$1,405,165.41</b>	Alden	61,546.03	Maquoketa	\$328,012.31		
		Hubbard	55,689.92	Bellevue	120,920.42	Bertram	\$147,935.04
Charles City	\$554,798.47	Radcliffe	37,982.56	Preston	52,318.30	Prairieburg	85,913.41
Nora Springs	97,525.18	Buckeye	7,395.57	Sabula	34,953.57	<b>Total Linn</b>	<b>\$233,848.45</b>
Rockford	54,588.25	New Providence	15,516.51	Andrew	21,204.33		
Colwell	5,763.98	Owasa	2,640.84	Baldwin	6,628.59	Chariton	357,970.27
Floyd	22,729.95	Steamboat Rock	23,799.69	Lamotte	15,192.80	Russell	35,294.15
Marble Rock	24,049.46	Union	29,777.33	Miles	21,321.28	Derby	8,288.39
Rudd	27,766.52	Whitton	9,130.25	Monmouth	8,089.76	Lucas	14,162.62
Unincorporated	328,511.94	Unincorporated	529,776.18	Spragueville	5,786.78	Williamson	10,103.16
<b>Total Floyd</b>	<b>\$1,115,733.75</b>	<b>Total Hardin</b>	<b>\$1,516,388.46</b>	Springbrook	8,215.25	<b>Total Lucas</b>	<b>\$425,818.59</b>
				Zwingle	441.05		
Hampton	\$213,372.60	Dunlap	\$81,462.38	St. Donatus	6,965.77	Rock Rapids	\$117,272.46
Sheffield	56,464.69	Logan	72,732.32	Unincorporated	559,847.11	George	46,746.84
Dows	4,285.76	Missouri Valley	146,499.24	<b>Total Jackson</b>	<b>\$1,189,897.31</b>	Doon	20,150.23
Coulter	12,034.44	Woodbine	70,904.53			Inwood	35,917.07
Geneva	8,043.78	Little Sioux	11,110.14	Fairfield	\$221,630.97	Little Rock	20,744.68
Hansell	4,072.90	Magnolia	8,920.04	Libertyville	5,432.21	Alvord	8,503.27
Latimer	20,738.96	Modale	15,155.66	Lockridge	5,127.17	Lester	10,808.43
Popejoy	4,061.84	Mondamin	19,116.43	Packwood	4,391.14	Unincorporated	308,567.63
Unincorporated	313,502.71	Persia	14,488.22	<b>Total Jefferson</b>	<b>\$236,581.48</b>	<b>Total Lyon</b>	<b>\$568,710.60</b>
<b>Total Franklin</b>	<b>\$636,577.68</b>	Pisgah	12,640.40				
		<b>Total Hardin</b>	<b>\$453,029.38</b>				

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# LOCAL OPTION SALES TAX DISTRIBUTION

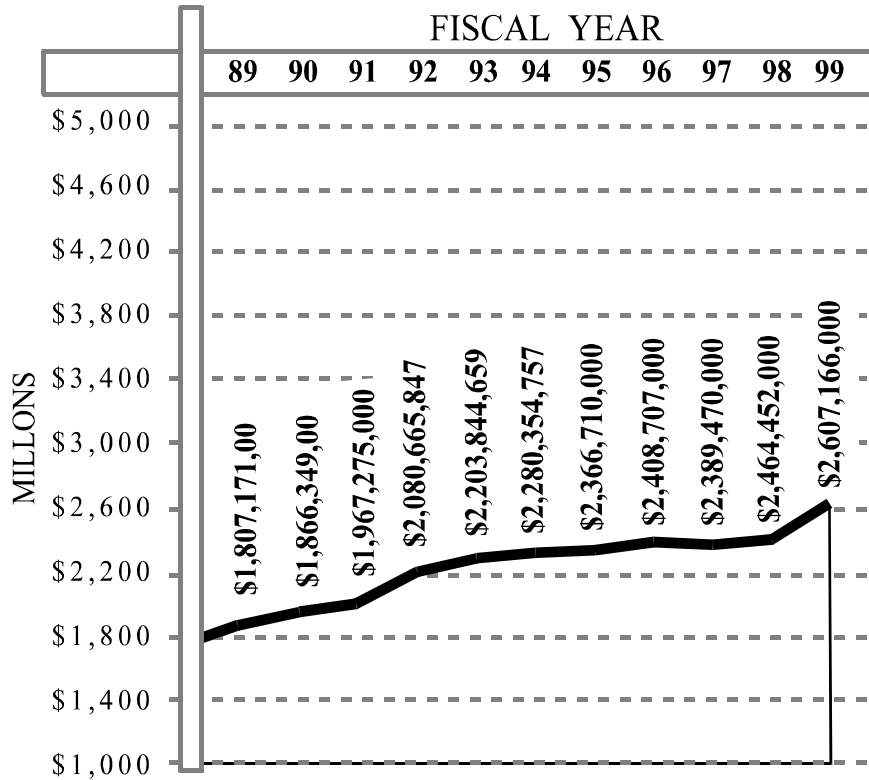
## Calendar Year 1998

Oskaloosa	\$742,554.57	Stockton	14,983.89	Davenport	\$11,814,824.68	Huxley	185,778.51
Eddyville	10,871.38	Durant	520.89	Bettendorf	3,530,671.48	McCallsburg	27,120.92
New Sharon	69,751.38	Fruitland	40,324.61	Buffalo	156,910.56	Sheldahl	13,173.94
Beacon	29,013.69	Unincorporated	1,212,411.29	Durant	195.45	Unincorporated	1,462,488.00
University Park	36,928.16	<b>Total Muscatine</b>	<b>\$3,959,472.79</b>	LeClaire	316,374.39	<b>Total Story</b>	<b>\$7,780,588.40</b>
Barnes City	12,315.99	Sheldon	\$312,471.46	Blue Grass	135,982.17	Ottumwa	\$1,768,101.57
Fremont	45,407.55	Hartley	90,015.77	Eldridge	396,841.56	Eldon	66,508.09
Leighton	8,693.61	Paulina	70,183.64	Princeton	98,776.20	Eddyville	54,372.69
Rose Hill	10,204.04	Primghar	54,572.91	Walcott	156,999.30	Agency	39,840.26
Koemah Village	6,150.07	Sanborn	78,376.78	Dixon	24,493.47	Blakesburg	20,899.84
Unincorporated	651,493.81	Sutherland	40,593.00	Donahue	34,989.95	Kirkville	10,648.24
<b>Total Mahaska</b>	<b>\$1,623,384.24</b>	Archer	8,241.41	Long Grove	64,119.11	Unincorporated	822,821.38
Liscomb	\$44,711.31	Calumet	9,166.15	Maysville	18,446.23	<b>Total Wapello</b>	<b>\$2,783,192.07</b>
<b>Total Marshall</b>	<b>\$44,711.31</b>	Unincorporated	363,690.88	McCausland	34,186.56	Decorah	\$587,171.44
Malvern	\$74,518.73	<b>Total O'Brien</b>	<b>\$1,027,312.00</b>	New Liberty	13,961.57	Calmar	71,534.49
Emerson	26,867.08	Clarinda	\$322,802.65	Panorama Park	13,683.37	Ossian	57,650.25
Tabor	4,115.92	Shenandoah	304,117.18	Riverdale	83,092.05	Castalia	11,606.14
Henderson	11,632.23	Essex	47,104.50	Unincorporated	3,160,893.62	Fort Atkinson	23,588.10
<b>Total Mills</b>	<b>\$117,133.96</b>	Blanchard	3,249.95	<b>Total Scott</b>	<b>\$20,055,441.72</b>	Jackson Junction	5,715.13
Osage	\$180,511.45	Braddyville	10,489.85	Elk Horn	\$49,831.67	Ridgeway	18,766.36
St. Ansgar	57,253.07	Coin	13,324.76	Shelby	47,038.82	Spillville	25,916.51
Riceville	27,651.51	College Springs	11,031.91	Defiance	24,356.10	Unincorporated	874,181.66
Stacyville	24,031.69	Hepburn	1,888.25	Earling	34,888.43	<b>Total Winneshiek</b>	<b>\$1,676,130.07</b>
Carpenter	5,089.41	Northboro	3,644.77	Irwin	36,427.14	Sioux City	\$8,405,861.66
McIntire	7,179.97	Shambaugh	8,905.58	Kirkman	3,090.05	Moville	117,023.77
Mitchell	8,181.30	Yorktown	4,707.80	Panama	10,981.47	Anthon	58,644.35
Orchard	4,406.38	Unincorporated	310,662.77	Portsmouth	15,238.23	Correctionville	80,582.99
Unincorporated	328,271.60	<b>Total Page</b>	<b>\$1,041,929.98</b>	Tennant	5,794.11	Danbury	39,865.05
<b>Total Mitchell</b>	<b>\$642,576.38</b>	Kingsley	\$60,385.64	Westphalia	10,741.80	Sergeant Bluff	270,539.47
Onawa	\$147,789.88	Merrill	31,209.30	<b>Total Shelby</b>	<b>\$238,387.81</b>	Sloan	86,112.98
Mapleton	64,022.51	Hinton	34,212.86	Hawarden	\$172,039.65	Cushing	21,663.92
Ute	19,043.34	Oyens	4,769.35	Alton	74,954.49	Hornick	20,546.95
Whiting	39,437.55	Struble	2,590.57	Hull	122,950.81	Lawton	43,849.88
Blencoe	12,172.65	Westfield	6,139.81	Orange City	346,397.08	Oto	10,628.37
Castana	7,375.08	<b>Total Plymouth</b>	<b>\$139,307.52</b>	Rock Valley	174,903.16	Pierson	32,011.91
Moorhead	12,211.48	Polk City	\$490,943.04	Sioux Center	338,112.58	Salix	32,780.25
Rodney	3,353.33	Sheldahl	28,939.77	Boyd	45,125.69	Smithland	22,271.44
Soldier	9,586.00	<b>Total Polk</b>	<b>\$519,882.81</b>	Hospers	43,499.87	Bronson	18,952.49
Turin	4,342.01	Council Bluffs	\$5,472,543.59	Iretton	41,371.23	Unincorporated	1,716,956.58
Unincorporated	272,685.64	Avoca	136,083.55	Chatsworth	6,164.42	<b>Total Woodbury</b>	<b>\$10,978,292.06</b>
<b>Total Monona</b>	<b>\$592,019.48</b>	Carter Lake	289,380.16	Granville	19,930.34	Manly	\$58,612.95
Red Oak	\$85,054.10	Oakland	130,201.13	Matlock	5,954.75	Northwood	88,694.77
Villisca	61,978.32	Carson	63,508.38	Maurice	15,627.34	Fertile	16,013.50
Stanton	31,394.74	Neola	79,711.48	Sheldon	4,499.50	Grafton	12,047.62
Coburg	2,280.33	Walnut	78,864.20	Unincorporated	859,940.31	Hanlontown	9,093.77
Elliott	18,614.46	Crescent	37,271.41	<b>Total Sioux</b>	<b>\$2,271,471.21</b>	Joice	10,803.45
Grant	5,068.19	Hancock	18,083.76	Ames	\$4,608,333.56	Kensett	12,876.19
Unincorporated	59,457.47	Macedonia	23,158.39	Nevada	594,997.59	Unincorporated	206,899.47
<b>Total Montgomery</b>	<b>\$263,847.60</b>	McClelland	12,012.46	Story City	277,184.18	<b>Total Worth</b>	<b>\$415,041.71</b>
Muscatine	\$2,114,249.68	Minden	48,382.36	Cambridge	62,462.87	Grand Total	<b>\$132,706,521.32</b>
West Liberty	264,286.38	Treynor	84,379.32	Colo	70,118.38		
Wilton	228,844.34	Underwood	45,975.24	Maxwell	69,943.08		
Atalissa	27,912.26	Unincorporated	2,202,159.25	Roland	94,507.51		
Conesville	26,389.28	<b>Total Pottawattamie</b>	<b>\$8,721,714.71</b>	Slater	122,062.66		
Nichols	29,550.17			Zearing	54,355.86		
				Collins	41,778.62		
				Gilbert	73,433.85		
				Kelley	22,848.87		










# PROPERTY TAXES

## *A 10-Year Comparison*



*FY 99 Property Tax Levied By Type of Taxing Authority*  
*Total: \$2,607,116,000 (estimated)*

<b>K-12 Schools</b>	<b>\$ 1,183,970,000</b>	
<b>Counties</b>	<b>\$ 570,089,000</b>	
<b>Cities</b>	<b>\$ 689,743,000</b>	
<b>Merged Areas</b>	<b>\$ 50,694,000</b>	
<b>Hospitals</b>	<b>\$ 48,682,000</b>	
<b>Assessors</b>	<b>\$ 32,468,000</b>	
<b>All Others</b>	<b>\$ 31,470,000</b>	

# LOCAL GOVERNMENT SERVICES

## *FY 99 Assistance Programs*

PROGRAM	DESCRIPTION	ELIGIBILITY	FILING REQUIREMENTS
<i>FY 99 Payments</i>			
<b>Homestead Credit</b>  <i>\$113,070,452.62</i>	Originally adopted to encourage home ownership through property tax relief. The current credit is equal to the actual tax levy on the first \$4,850 of actual value.	Must own and occupy the property as a homestead on July 1 of each year, declare residency in Iowa for income tax purposes and occupy the property for at least six months each year. Persons in the military or nursing homes who would otherwise qualify are also eligible.	Claim must be filed on or before July 1 of the first year for which the credit is claimed. Claims filed July 2 through December 31 are considered a claim filed for the following year. Claim is allowed for successive years without further filing as long as eligible.
<b>Disabled and Senior Citizens Property Tax Credit/Rent Reimbursement</b>  <i>\$7,061,634.38</i>	Incorporated into the Homestead Tax Law to provide property tax or rent relief to elderly homeowners and homeowners with disabilities.	Must be 65 or older or totally disabled. Must have been a resident of Iowa during the entire preceding year and have household income of less than \$16,500.	A property owner must file a claim with the county treasurer by June 1 preceding the fiscal year in which the property taxes are due. Renters must file with the Department of Revenue and Finance by June 1 to claim reimbursement for rent paid in the prior calendar year. The director or county treasurer may grant extensions of time to file.
<b>Mobile Home Reduced Tax Rate</b>  <i>\$77,453.35</i>	Enacted as a supplement to the Disabled and Senior Citizens Property Tax Credit. The objective is to provide mobile home owners with equivalent aid.	Must be an Iowa resident, 23 or older. Household income must be less than \$16,500.	On or before June 1 of each year, each mobile home owner eligible for a reduced tax rate must file a claim with the county treasurer. The county treasurer or the director may grant an extension of time to file.
<b>Special Assessment Credit</b>  <i>\$13,643.75</i>	Established in conjunction with the Disabled and Senior Citizens Property Tax Credit. The credit gives 100 percent assistance to qualified homeowners who are required to pay special assessments.	Requirements parallel those for the disabled and senior citizens property tax credit. Household income cannot exceed \$8,500.	The claimant must file a claim with the county treasurer by September 30 of each year.

## Local Government Services, continued

PROGRAM	DESCRIPTION	ELIGIBILITY	FILING REQUIREMENTS
<i>FY 99 Payments</i>			
<b>Pollution Control Exemption</b>  <i>exemption only</i>	Provides an exemption for certain pollution control and recycling property after the construction or installation is completed.	Exemption is limited to market value of property used primarily for pollution control or recycling. Must be certified as eligible by the Department of Natural Resources.	Application must be filed with the assessor no later than February 1 of the first year for which the exemption is requested.
<b>Impoundment Structures Exemption</b>  <i>exemption only</i>	Provides an exemption for impoundment structures and land underlying an impoundment located outside any incorporated city.	Not developed or used for nonagricultural income-producing purposes. Must be approved by Soil and Water Conservation District commissioners and the Department of Natural Resources.	Application must be filed with the assessor each year before July 1.
<b>Low-Rent Housing Exemption</b>  <i>exemption only</i>	Provides an exemption for low-rent housing until the original housing development mortgage is paid in full or expires.	Property owned and operated by a nonprofit organization providing low-rent housing for persons at least 62 years old and the physically and mentally disabled.	Must file an application with the assessor no later than July 1. The claim is allowed on the property for successive years without further filing as long as the property is used for purposes specified in the original claim.
<b>Ag Land Credit</b>  <i>\$29,100,000.00</i>	Credit established to partially offset the school tax burden borne by agricultural real estate. Current law allows a credit for any general school fund tax in excess of \$5.40 per \$1,000 of assessed value.	All land used for agricultural or horticultural purposes in tracts of 10 acres or more and land of less than 10 acres if contiguous to qualifying land of 10 acres or more.	Land owners are not required to file a claim. The county auditor determines the amount of credit applicable to each tract of land.
<b>Computers and Industrial Machinery and Equipment Special Valuation</b>  <i>\$17,063,187.51</i>	Computers and industrial machinery and equipment acquired after 12/31/93 are exempt from tax. If acquired prior to 1/1/94 assessed at 30% of acquisition cost in 1998, 22% in 1999, 14% in 2000, 6% in 2001, and 0% in 2002 and thereafter.	Special valuation applies to all computers but only machinery and equipment classified as industrial real estate.	Owners of industrial machinery and equipment are required to file a report with the assessor by February 15 of each year; computer owners by April 15.

## Local Government Services, continued

PROGRAM	DESCRIPTION	ELIGIBILITY	FILING REQUIREMENTS
<i>FY 99 Payments</i>			
<b>Family Farm Land Credit</b>  <i>\$10,000,000.00</i>	Credit established to partially offset the school tax burden borne by agricultural real estate. Current law allows a credit for any general school fund tax in excess of \$5.40 per \$1,000 of assessed value.	All land used for agricultural or horticultural purposes in tracts of 10 acres or more and land of less than 10 acres if contiguous to qualifying land of more than 10 acres. The owner must be actively engaged in farming the land.	Claims filed with the assessor between July 1 and October 15 of each year.
<b>Natural Conservation and Wildlife Areas</b>  exemption only	Provides an exemption for recreational lakes, forest covers, rivers and streams, including banks, and open prairies as designated by the county board of supervisors.	Property not used for economic gain. Must be at least two acres.	Application must be filed with the commissioners of the Soil and Water Conservation District by April 15 of the assessment year.
<b>Forest and Fruit Tree Reservations</b>  exemption only	Provides an exemption for property established as a forest or fruit tree reservation.	Forest Reserve: Minimum of two acres, contain not less than 200 trees per acre. Fruit Tree Reserve: Not less than one nor more than 10 acres, contain at least 40 apples trees or 70 other fruit trees. Exemption for eight years. Neither can be used for economic gain other than raising trees, nor shall livestock be permitted on the reservation. Must be approved by the Department of Natural Resources.	Application filed with assessor between January 1 and April 15 of the year for which the exemption is first claimed.
<b>Property Tax Replacement</b>  <i>\$56,287,557.00</i>	Provides a form of revenue sharing and payment to local jurisdictions for property tax net collected on personal property, livestock, and monies and credit.	Allocation formula varies for cities, counties, conference boards, county hospitals, and agricultural extension councils.	None
<b>Military Exemption</b>  <i>\$2,693,503.39</i>	Reduces the taxable value of property for military veterans who served on active duty during specified wartime periods.	The amount of exemption varies according to the wartime period of active duty.	A qualified veteran must file a claim with the local assessor by July 1 of the first year eligible. Subsequent claims need not be filed on the same property.

## Local Government Services, continued

PROGRAM	DESCRIPTION	ELIGIBILITY	FILING REQUIREMENTS
<i>FY 99 Payments</i>			
<b>Native Prairie/Wetlands</b> exemption only	Exemption for land preserved in its natural condition.	Cannot be used for economic gain and must be certified by the Department of Natural Resources.	Application must be filed with assessor by February 1.
<b>Wildlife Habitat</b> exemption only	Exemption for land used to provide wildlife refuge.	Must be classified as agricultural real estate; cannot exceed two acres, and must be certified by the Department of Natural Resources.	Owner must request certification from the Department of Natural Resources, which must notify the assessor of eligibility.
<b>Religious, Educational and Charitable Property</b> exemption only	Exemption for property used for religious, education or charitable purposes.	Cannot be used for profit. Limited to 320 acres.	Application must be filed with assessor by July 1. No further application is needed if use remains unchanged.
<b>Speculative Shell Buildings</b> exemption only	Value added exemption to encourage local business development. Subject to approval by city council or county board of supervisors.	Available to community development organizations, not-for-profit cooperative associations and for-profit entities. Terminates when building is leased or sold.	Application must be filed with the assessor by February 1 for each project.
<b>Methane Gas Conversion Property</b> exemption only	Promotes environmental purposes.	Property must be used in connection with a publicly-owned sanitary landfill.	Application must be filed annually with the assessor by February 1.
<b>Urban Revitalization</b> exemption only	Value added exemption to encourage development in urban areas. Subject to approval of city council or county board of supervisors.	Must have increased the value of the property to which added by at least 10% or the percent established by local officials. The percent and the length of time over which the exemption applies varies with schedule adopted by local officials.	Application must be filed with the assessor by February 1 of the year the value is added.
<b>Industrial Property, Research-Service Facilities, Warehouses, Distribution Centers and Cattle Facilities</b> exemption only	Value added exemption to encourage industrial and commercial development. Subject to approval by city councils and county boards of supervisors.	Partial exemption for five years. The percent varies each year. Cattle facilities must be owner-operated.	Application must be filed with assessor by February 1 of the year the value is added.
<b>Wind Energy Property</b> exemption only	Promotes energy conservation. Subject to approval of city councils or county boards of supervisors.	Must be used to convert wind energy to electrical energy. Exemption: 100%, first year, to 70%, last year, over 20 years.	Application must be filed with assessor by February 1 of the year the value is added.

# IOWA TAX DESCRIPTIONS

*As of July 1999*

TAX	RATE OF TAX <i>FY 99 Collections</i>	DESCRIPTION	DISTRIBUTION OF FUNDS	DUE DATES OF RETURNS
<b>Cigarette Tax</b>	36¢ per package of 20 45¢ per package of 25  \$92,323,542.16	The tax is imposed on the sale of cigarettes and must be paid by the person making the first sale in Iowa. Tax payment is shown by a stamp affixed to each cigarette package.	State General Fund	Tax returns must be filed by the holder of a state or manufacturer's permit by the 10th day of each month for the preceding calendar month.
<b>Corporate Income Tax</b>	6% on first \$25,000 8% on next \$75,000 10% on next \$150,000 12% on all over \$250,000  \$322,126,772.55	The tax is imposed on the Iowa net income of corporations doing business within this state or receiving income from property in the state. For tax years on or after January 1, 1987, Iowa imposes an alternative minimum tax equal to 7.2% of Iowa tax preferences. For tax years on or after January 1, 1988, the tax is imposed on the unrelated business income of nonprofit corporations.	State General Fund	Corporation tax returns must be filed by the last day of the 4th month after the close of the tax year. Cooperatives must file a return on or before the 15th day of the 9th month following the close of the co-operative's tax year. Estimated tax payments are due from most corporations on a quarterly basis. Non-profit corporation returns with unrelated business income are due on the 15th day of the 5th month following the close of the tax year.
<b>Drug Stamp Tax</b>	\$5/gram of processed marijuana \$750/unprocessed marijuana plant \$250/gram of other taxable substances \$400/10 doses if not sold by weight  \$278,730.00	Tax is imposed on dealers in possession of specified quantities of marijuana and other controlled substances.	State General Fund	Tax payment is required upon possession and must be evidenced by a stamp permanently affixed to the taxable substance.
<b>Environmental Protection Charge</b>	1¢ per gallon of petroleum products deposited in qualifying tanks  \$19,749,797.06	The EPC is imposed on all deposits of petroleum products into non-exempt underground and non-exempt aboveground storage tanks in Iowa.	Iowa Comprehensive Petroleum Underground Storage Tank Fund	EPC returns must be postmarked by the last day of the month following the close of each quarter.

# Iowa Tax Descriptions, continued

<b>TAX</b>	<b>RATE OF TAX</b> <i>FY 99 Collections</i>	<b>DESCRIPTION</b>	<b>DISTRIBUTION OF FUNDS</b>	<b>DUE DATES OF RETURNS</b>
<b>Franchise Tax</b>	5% of taxable income  \$33,755,649.04	Tax is imposed on the income of state banks, national banking associations, trust companies, federally and state chartered savings and loan associations, financial institutions chartered by the Federal Home Loan Bank Board and production credit associations. For tax years on or after January 1, 1987, Iowa imposes an alternative minimum tax equal to 3% of Iowa tax preferences.	All Franchise Tax is deposited in the State General Fund and \$8.8 million is returned to local governments on a quarterly basis as follows: 40% to counties, 60% to cities and towns.	Franchise tax returns must be filed by the last day of the 4th month after the close of the tax year. Estimated payments are due from most financial institutions on a quarterly basis. Financial institutions which have elected corporation status are still subject to the franchiser tax and the shareholders are allowed a tax credit against their individual income tax for their share of the franchise tax paid.
<b>Hotel/Motel Tax</b>	May not exceed 7%  \$22,262,375.93	Hotel/motel tax is imposed on the gross receipts from the renting of hotel or motel rooms for 31 consecutive days or less.	Local transient guest tax fund, with disbursement to the local government imposing the tax	Hotel/motel tax returns and tax are submitted with quarterly sales tax returns and are due the last day of the month following the end of each calendar quarter.
<b>Individual Income Tax</b>	.36% on first \$1,148 .72% on second \$1,148 2.43% on next \$2,296 4.50% on next \$5,740 6.12% on next \$6,888 6.48% on next \$5,740 6.80% on next \$11,480 7.92% on next \$17,220 8.98% on all over \$51,660  \$2,286,318,957.45	Tax is imposed on Iowa net income of individuals and estates and trusts. Individuals who have a net income of \$9,000 or more must file an Iowa income tax return. Taxpayers with a combined income of \$13,500 or less (\$9,000 or less for single taxpayers) are generally not required to pay Iowa income tax. Individuals may also be subject to the minimum tax on tax preferences and a tax on lump sum distributions from pension plans.	State General Fund	The final return and any tax owing is due by the last day of the 4th month following the close of the tax year. Individuals may be required to remit estimated tax payments quarterly. Income tax is also collected through withholding tax. Depending on the amount of tax withheld, withholding tax deposits are due annually, quarterly, monthly or semi-monthly.
<b>Individual Income School District Surtax</b>	Not to exceed 20% of state income tax liability. Rate is different for each school district.  \$39,268,020.00  <i>Calendar 1998</i>	Upon voter approval, school districts may initiate educational improvement programs where school boards may raise an additional portion of the state cost per pupil. This enrichment amount is raised through a surtax (not to exceed 20% of state income tax liability) and through an accompanying property tax.	Local school district imposing the tax	Tax is collected with the individual income tax return. Returns are due the last day of the 4th month following the end of the tax year.

## Iowa Tax Descriptions, continued

TAX	RATE OF TAX <i>FY 99 Collections</i>	DESCRIPTION	DISTRIBUTION OF FUNDS	DUE DATES OF RETURNS
<b>Individual Income Emergency Medical Services Surtax</b>	Up to 1% of state income tax liability. Only Appanoose County imposes this tax (at a rate of 1%).  \$49,817.00  <i>Calendar 1998</i>	A county may impose the surtax by ordinance at the rate set by the board of supervisors not to exceed 1%.	County imposing the tax	Tax is collected with the individual income tax return. Returns are due the last day of the fourth month following the end of the tax year.
<b>Inheritance and Estate Taxes</b>	Inheritance Tax: From 1% to 15% dependent upon the amount of the inheritance and the relationship of the recipient to the decedent. Estate Tax: Amount by which the allowable federal credit for state death taxes exceeds the inheritance tax due from the estate.  \$90,142,858.08	This tax is imposed on any person other than a surviving spouse, decedent's lineal ascendants, descendants and stepchildren who becomes beneficially entitled to any property or interest by any method of transfer. Administrators, executors, referees and trustees of estate transfers which are taxable may also be liable for such taxes.	State General Fund	In most instances, the return must be filed and tax paid on or before the last day of the 9th month after the death of the decedent.
<b>Insurance Premium Tax</b>	2% of the adjusted gross amount of premiums, assessments and fees received during the preceding calendar year.  \$114,344,548.88	This tax is administered by the Commerce Department, with the Department of Revenue and Finance serving as a depositing agency for the tax receipts. The tax is imposed on the premiums of every insurance company except fraternal beneficiary associations.	State General Fund	Premium tax reports from all insurers are to be filed before March 1 of each year. Pre- payment of taxes equal to one-half of the prior year's taxes is due June 1.
<b>Local Option Sales Tax</b>	Not more than 1%.  \$132,706,521.32  <i>Calendar Year 1998 Distributions</i>	Tax is imposed by counties either countywide or in incorporated or unincorporated areas. Under very special circumstances it may also be imposed by a city. With a few exceptions, it is imposed on sales and services taxed under state sales tax provisions. There is no corre- sponding local option use tax, except for transactions involving natural gas, natural gas services, electricity, or electric service.	To local sales and service tax fund with disbursement to local jurisdictions at least quarterly	Local option sales tax is due at the same time as the state sales tax is due.
<b>Motor Vehicle Fuel Tax</b>	Gasoline 20¢/gal. Ethanol Blended Gasoline 19¢/gal. Aviation Gasoline 8¢/gal. Special Fuel (diesel) 22.5¢/gal. Special Fuel (LPG) 20¢/gal. Special Fuel (aviation) 3¢/gal. Compressed Nat. Gas 16¢/100 ft. <sup>3</sup>  \$429,524,565.35	Tax is imposed on each gallon of fuel sold in Iowa for use in motor vehicles or aircraft. Motor vehicle fuel includes gasoline, diesel fuel, liquefied petroleum gas, compressed natural gas, aviation fuel and ethanol blended gasoline.	Road Use Tax Fund  Aviation fuel tax receipts deposited in state aviation fund.  The first \$411,311 from motor fuel used in water-craft deposited in the General Fund of the state. The remainder in the Rebuild Iowa Infrastructure Fund	Tax returns are required to be filed by the licensee no later than the last day of the month following the month in which the fuel was withdrawn from the terminal or, in the case of LPG or CNG, placed into the fuel supply tank of a motor vehicle. Importers are required to file semimonthly.



## Iowa Tax Descriptions, continued

<b>TAX</b>	<b>RATE OF TAX</b> <i>FY 99 Collections</i>	<b>DESCRIPTION</b>	<b>DISTRIBUTION OF FUNDS</b>	<b>DUE DATES OF RETURNS</b>
<b>Motor Vehicle Lease Tax</b>	5 percent use tax on the lease price of certain vehicles  <i>Collections included in Use Tax total</i>	Effective January 1, 1997, the tax is imposed on the lease price of a vehicle subject to registration, that is not a motorcycle or motorized bicycle, with a gross vehicle weight rating of less than 16,000 pounds and leased for a period of 12 months or more by a lessor licensed under Iowa Code chapter 321F.	Road Use Tax Fund	Tax is reported and paid by the owner of the vehicle to the county treasurer or Department of Transportation at the time of registering or titling the vehicle. If this is not required, the tax must be paid by the owner to the Department of Revenue and Finance on or before 15 days from the last day of the month that the tax became due.
<b>Property Tax Levied - Prior to Credits</b>	Differs in each locality and is a composite of county, city, school district and special levies. Taxes are levied in terms of dollars per \$1,000 of taxable value and are collected locally.  <i>\$2,607,116,000</i>  <i>estimated</i>	Property tax is levied on the taxable value of real property. The taxable value may be a percentage of the assessed value as a result of statewide limitations for allowable growth. The assessed value is 100% of market value, except for (1) agricultural realty (assessed according to its productivity) and (2) computers and industrial machinery and equipment, which is assessed as a percent of its acquisition cost if acquired prior to January 1, 1994 (22% for 1999). Exempt if acquired after December 31, 1993	Local jurisdictions	The tax may be paid in two installments, the first of which becomes delinquent on October 1 and the second of which becomes delinquent on April 1.
<b>Real Estate Transfer Tax</b>	80¢ for each \$500 or fractional part of \$500 in excess of \$500 paid for the real property transferred.  <i>\$10,585,141.46</i>	The tax is imposed on the transfer of real estate. Tax payment is noted on the instrument of transfer at the time the instrument is recorded.	17.25% of the tax receipts are retained by the county. Of the remaining 82.75%, 95% goes in the State General Fund, 5% in the Shelter Assistance Fund.	Tax is payable when the deed or other instrument conveying the real property is presented for recording. Tax returns must be filed by the county recorder by the 10th day of each month for tax collected during the preceding month.
<b>School Infrastructure Local Option Sales Tax</b>	Not more than 1%.  <i>\$9,764,642.98</i>  <i>Fiscal Year 1999 Distributions</i>	Tax is imposed countywide. With a few exceptions, it is imposed on sales and services taxed under state sales tax provisions. There is no corresponding use tax.	To local sales and service tax fund with disbursement to local school districts monthly.	Local option sales tax is due at the same time as the state sales tax is due.

## Iowa Tax Descriptions, continued

<b>TAX</b>	<b>RATE OF TAX</b> <i>FY 99 Collections</i>	<b>DESCRIPTION</b>	<b>DISTRIBUTION OF FUNDS</b>	<b>DUE DATES OF RETURNS</b>
<b>State Sales Tax</b>	5%  <i>\$1,544,685,945.15</i>	The tax is imposed on gross receipts from all sales of tangible personal property and enumerated services. Certain exceptions are provided, including exemption of the sales of certain foods, prescription drugs, medical devices, and farm and industrial machinery, equipment and computers.	State General Fund	Depending on the amount of tax collected, a deposit and returns are due annually, quarterly, monthly or semi-monthly.
<b>Tobacco Products Tax</b>	22% of the wholesale sales price of the tobacco products.  <i>\$6,530,308.66</i>	Tax is imposed on the sale of all tobacco products except cigarettes and little cigars.	State General Fund	Distributors are required to file tax returns by the 20th day of each month for the preceding calendar month.
<b>Use Tax</b>	5%  <i>\$242,555,316.02</i>	Use tax includes: (1) The 5% excise tax collected by out-of-state based firms making sales of tangible personal property or certain services purchased for use in Iowa. (2) The 5% excise tax on goods or services purchased tax free by consumers and subsequently used in Iowa. (3) The 5% excise tax collected by Iowa county treasurers or the Iowa Department of Transportation on vehicles subject to registration.	Revenue derived from use tax on vehicles subject to registration is deposited in various special funds. The remainder is credited to the State General Fund.	(1) Returns from out-of-state firms must be filed on or before the last day of the month following the close of the calendar quarter. Retail use tax permit holders collecting more than \$1,500 per month are required to file on a monthly basis. (2) Returns for goods and services purchased tax free must be filed on or before the last day of the month following the close of the calendar quarter. (3) Reports and remittance from county treasurers on vehicles subject to registration must be filed on or before the 10th day of the month following the month of collection.

# SUPPLEMENTAL REPORTS

*Published in accordance with Iowa Code section 422.75(28)*

## **Integrated Revenue Information System**

### *Report of FY 99 Activity*

Fiscal year 1999 was a successful year for IRIS as the department continued modifications and enhancements to existing IRIS components, initiated design and development of a significant new Transaction Component module, and made significant progress on our Data warehouse/audit component initiative (Tax Gap). All of these activities were completed within the context of the department's commitment of resources to insure the compliance of its information infrastructure with the requirements that occur as the result of the century date change.

**New Transaction Component Module** - A major development took place in IRIS this year with the Multi Purpose Processing Module to IRIS. The module, as its name suggests, provides the ability to process a number of transactions which do not fit our volume processing structure for four major tax types – individual income, corporation income, motor fuel collections and motor fuel refunds. The Multi Purpose Processing Module utilizes the standard concepts established in prior IRIS Transaction Component design and development, including verification of the taxpayer against our integrated Registration data base, automated issuance of refunds and billings, issuance of correspondence and on-line management of work flow. The Module also interfaces refunds with the statewide offset system and incorporates employee fraud protection.

The bulk of the design and development of this module was completed in FY 99, with implementation to production taking place in early FY 00. Fiscal Year 2000 will see the sales/use family of taxes and the withholding tax developed and brought into the Multi Purpose Processing Module, with plans to follow that up with design and development of a Transaction module for the volume sales/use tax transactions. With the completion of this phase of application of development the department will have achieved a major portion of the re-engineering of the transaction processing developed in the late 1970's and early 1980's. As a result the efficiency intended from the IRIS application from the replacement of these legacy applications will be achieved.

**Tax Gap** - The continuation of efforts to find alternative means to achieve the goals of IRIS project continued in a major way during FY 1999. A process for competitive

selection of a business partner to assist in the development of the Audit Component was completed. A selection of vendor was made just prior to the end of the fiscal year and contract negotiations were completed in the first portion of FY 2000.

The project will consist of the use of data warehouse technology and data mining techniques which are being developed in coordination with similar initiatives in other agencies. This cooperative effort is providing the state with an enterprise platform that respects the data needs and requirements of each agency.

Additional benefits will be derived from the Audit Component feature of the application that will interface to our existing integrated data base (IRIS). Functionality will include improved audit selection and tracking of audits, increased efficiency in completion of audits and examinations and enhanced reporting on the enforcement efforts.

**Electronic Access** - The department continued its emphasis on providing alternative ways for customers to conduct business with the agency. The efforts in FY 99 were a combination of extending current initiatives and providing new services. Specifically, during the fiscal year the emphasis on electronic filing of individual income tax returns continued. As the result of efforts of the agency, over one-fourth of the state income tax returns were filed electronically in FY 99.

The internet as a means of communication continued to increase in utilization with enhanced use of the department's Iowa Tax Research Library and the accessing of other information available through the department's internet site. The agency also deployed for the first time the ability for its customers to register for all major business taxes through the internet. Electronic initiatives were also completed with other state agencies, including the Iowa Communications Network, who assisted in the deployment of an enhanced Interactive Voice Response application that permits individuals to determine the status of their income and property tax refund claims. A multi-year project conducted with the federal government and Iowa Workforce Development has presented employers with the opportunity to file wage data electronically under the Simplified Tax and Wage Reporting system.

Planning for the future use of electronic commerce, the agency completed an extensive survey of its customers regarding the services that are provided to those who collect and remit sales/use and withholding taxes. The results of the survey have permitted the agency to develop a vision in which the re-engineering of the systems used to collect and process information from these "businesses taxes" will be completed. This effort is seen as

consisting of two major activities. First, revisions to existing legacy mainframe applications to allow for further integration of the reporting and processing of information from the various taxes. Second, the development of alternative electronic forms of data collections including the use of the internet to:

- access taxpayer's account information
- provide updates to taxpayer registration and
- file tax returns online

**Y2K Compliance** - For several years the department has actively conducted a review of its information infrastructure to insure that the applications and the architecture on which they function will continue to perform during the century date change. The agency, along with all of state government, has undergone a rigorous program of assessment, testing and remediation where necessary. The efforts of the department's staff were substantial and the agency was one of the initial agencies to achieve compliance with the state evaluation process. The compliance effort has not ceased, however, with the end of the fiscal year. Rigorous procedures have been established to prevent re-infections, and continuous testing of the environment occurs.

## **Compliance Report**

*FY 98/99*

In an effort to improve compliance on the part of taxpayers, the department has continued to stress technology and accessibility to information by the taxpayers of the State of Iowa so that lack of knowledge by taxpayers is not a deterrent to compliance.

Education, 24-hour access, available information and improved systems for detection of non-compliance has either been accomplished or is in the process of implementation.

From an education/taxpayer service perspective, personnel responded to 180,286 phone calls; 114,517 visits were made to the Agency's website; and 9,564 people attended education presentations made by agency staff.

New services added to the website include:

- Business application on-line
- Full implementation of on-line library

Telefiling was implemented with over 23,431 taking advantage of method of filing. Electronic filing of tax returns increased to 271,500 returns this year.

Agency compliance programs range from discovering non-filers for individual and corporate income tax to auditing large multi-state corporations doing business in Iowa for corporate income and sales and use taxes. These programs generated a total of \$57.5 million in collections and refund reductions. Of this, office examination programs generated \$26.7 million in collections. In-state field auditing of Iowa businesses generated \$6.2 million in collections and out-of-state field auditing of multi-state businesses generated \$10.6 million in collections.

Other non-compliance programs exist for delinquent accounts, business tax non-filers, special events such as fairs, carnivals, flea markets and drug tax enforcement. These activities generated \$33.0 million in FY 99.

## **Individual Income Tax Abatements**

### *Calendar 1998*

The Director of the Department of Revenue and Finance is provided with the statutory authority “to abate any portion of tax, interest or penalties which he determines are excessive in amount, or erroneously or illegally assessed.” Abatements apply to those cases in which the initial protest occurs after the 60-day appeal period has expired and in which the taxpayer produces records substantiating the claim to reduced tax liability.

The table below summarizes the individual income tax abatements allowed in calendar 1998:

<i>Number of Returns</i>	<i>TAX</i>	<i>FEES and PENALTY</i>	<i>INTEREST</i>	<i>TOTAL</i>
<b>1,691</b>	<b>\$2,478,401.76</b>	<b>\$342,538.69</b>	<b>\$1,136,864.49</b>	<b>\$3,957,804.94</b>

# HISTORY OF IOWA TAX RATES

The first major state tax in Iowa was created in 1921 when the state passed a 2¢ per package tax on cigarettes. In 1934 the sales and income taxes were created as property tax relief measures. Since that time several significant changes have occurred, both in the tax base and in the tax rates of Iowa's major revenue sources.

While certain changes in a particular tax base may be of equal or greater importance than changes in the tax rate, the history of the key developments in a particular tax may often be identified through an examination of tax rate changes. Additional information regarding these changes may be obtained by contacting the Internal Resource Management Division of the Iowa Department of Revenue and Finance.

## Individual Income Tax

<b>1934</b>	tax enacted at	1% – 5%	<b>1967</b>	rate changed to	.75% – 5.25%
<b>1953</b>	rate changed to	.75% – 3.75%	<b>1971</b>	rate changed to	.75% – 7%
<b>1955</b>	rate changed to	.8% – 4%	<b>1975</b>	rate changed to	.5% – 13%
<b>1957</b>	rate changed to	.75% – 3.75%	<b>1987</b>	rate changed to	.4% – 9.98%
<b>1965</b>	rate changed to	.75% – 4.50%	<b>1998</b>	rate changed to	.36% – 8.98%

## Corporation Income Tax

<b>1934</b>	tax enacted at	2%	<b>1965</b>	rate changed to	4%
<b>1955</b>	rate changed to	3%	<b>1967</b>	rate changed to	4% – 8%
<b>1957</b>	rate changed to	2%	<b>1971</b>	rate changed to	6% – 10%
<b>1959</b>	rate changed to	3%	<b>1981</b>	rate changed to	6% – 12%

## Sales and Use Tax

<b>1934</b>	sales tax enacted at	2%	<b>1955</b>	rate changed to	2.5%
<b>1937</b>	use tax enacted at	2%	<b>1957</b>	rate changed to	2%
			<b>1967</b>	rate changed to	3%
			<b>1983</b>	rate changed to	4%
			<b>1992</b>	rate changed to	5%

## Cigarette Tax

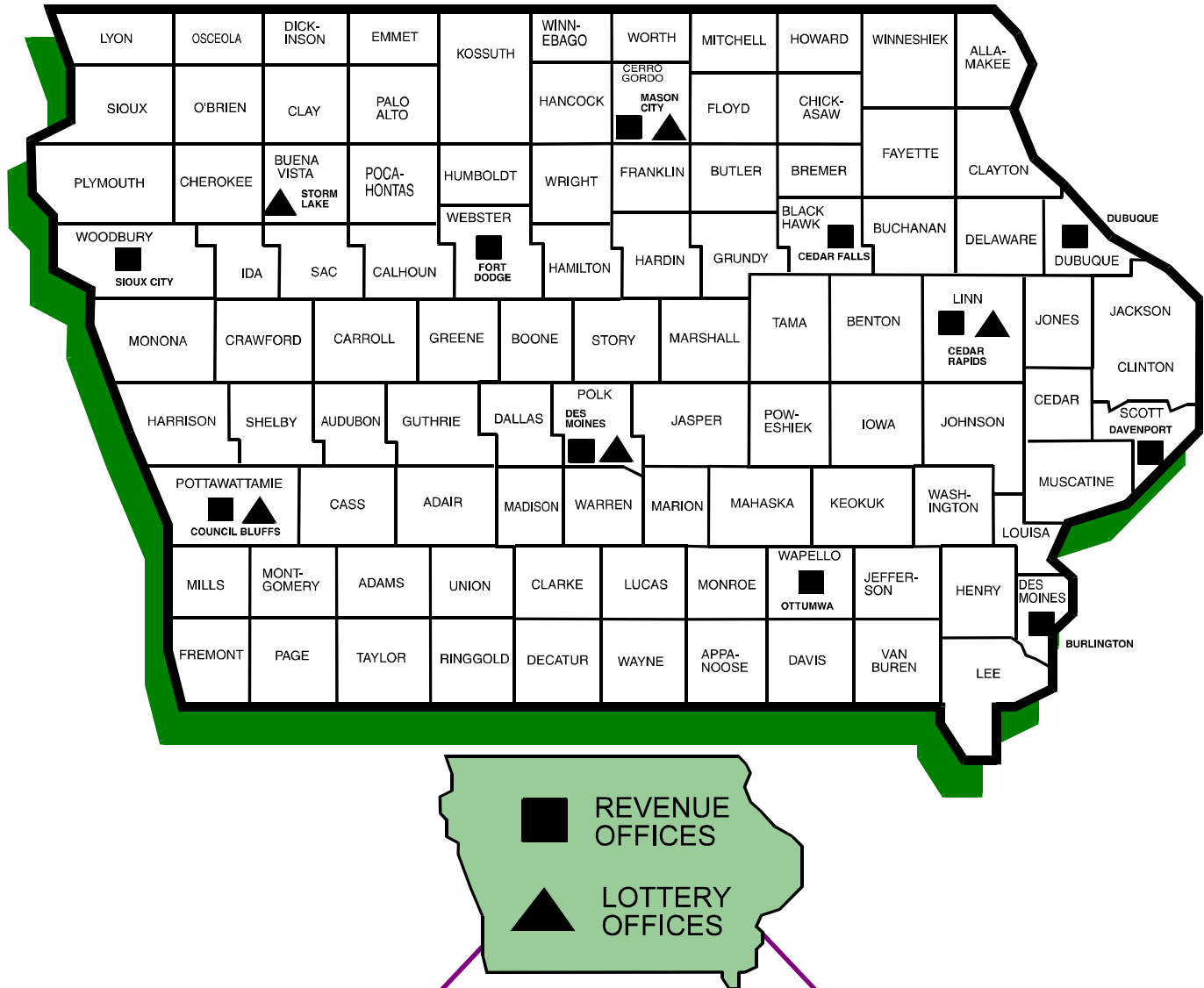
<b>1921</b>	tax enacted at	2¢/package	<b>1971</b>	rate changed to	13¢
<b>1953</b>	rate changed to	3¢	<b>1981</b>	rate changed to	18¢
<b>1959</b>	rate changed to	4¢	<b>1985</b>	rate changed to	26¢
<b>1963</b>	rate changed to	5¢	<b>1988</b>	rate changed to	34¢
<b>1965</b>	rate changed to	8¢	<b>1989</b>	rate changed to	31¢
<b>1967</b>	rate changed to	10¢	<b>1991</b>	rate changed to	36¢

## Motor Fuel / Diesel Fuel Tax

<b>1925</b>	tax enacted at	2¢ / gal. gasoline 2¢ / gal. diesel	<b>1979</b>	rate changed to	10¢ / 11.5¢
<b>1943</b>	rate changed to	3¢ / 3¢	<b>1981</b>	rate changed to	13¢ / 13.5¢
<b>1945</b>	rate changed to	4¢ / 4¢	<b>1982</b>	rate changed to	13¢ / 15.5¢
<b>1953</b>	rate changed to	5¢ / 5¢	<b>1985</b>	rate changed to	15¢ / 16.5¢ (July 1)
<b>1955</b>	rate changed to	6¢ / 6¢	<b>1986</b>	rate changed to	16¢ / 17.5¢ (Jan. 1)
<b>1957</b>	rate changed to	6¢ / 7¢	<b>1987</b>	rate changed to	16¢ / 18.5¢
<b>1965</b>	rate changed to	7¢ / 8¢	<b>1988</b>	rate changed to	18¢ / 20.5¢
<b>1978</b>	rate changed to	8.5¢ / 10¢	<b>1989</b>	rate changed to	20¢ / 22.5¢

# FIELD OFFICES

*State of Iowa Department of Revenue and Finance*



The Department also has out-of-state field auditors located in :

Illinois	Kansas
Michigan	Minnesota
New Jersey	North Carolina
Ohio	Pennsylvania
Texas	Washington



# FOR MORE INFORMATION...

## **To receive forms and publications**

by mail:

515/281-7239 or

800-532-1531 (Iowa only)

by fax:

800-572-3943

by Internet:

<http://www.state.ia.us/tax>

## **To listen to pre-recorded tax information:**

515/281-4170 or

800-351-4658

## **To check on the status of your Iowa income tax refund:**

515/281-4966 or

800-572-3944 (Iowa, Omaha, and Rock Island/Moline only)

## **To access TDD for hearing impaired:**

515/242-5942

## **To talk to a tax specialist:**

515/281-3114 (out of state, Des Moines)

OR

800-367-3388 (Iowa, Omaha and Rock Island/Moline)

Taxpayer Services  
Iowa Department of Revenue and Finance  
PO Box 10457  
Des Moines, Iowa 50306-0457



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